Amendments to the Claims:

Claims 1-34 (Canceled)

35. (New) A method for implementing an index-linked life insurance product having a term and an annual guarantee, comprising:

allocating at least a portion of a premium payment associated with the index-linked life insurance product to a fixed income investment and projecting an annual fixed income yielded for the fixed income investment;

determining a hedged investment budget based at least in part on the projected annual fixed income yield and an estimated cost of the annual guarantee over the term;

allocating the hedged investment budget to a hedged investment linked to an index in order to generate proceeds for supporting an amount credited to the index-linked insurance product based on index-linked earnings; and

upon the occurrence of a predetermined event, if the amount credited based on the index-linked earnings is not equal to at least the annual guarantee compounded over the term, using funds from one or more reserves or a risk fund to increase the amount credited to be substantially equal to the compounded annual guarantee.

36. (New) The method of claim 35, wherein the predetermined event may include expiration of the term, early surrender, or death.

37. (New) The method of claim 35, wherein the length of the term is at least one year.

38 (New) The method of claim 35, wherein the term expires at death.

39. (New) The method of claim 35, wherein the estimated cost of the annual guarantee comprises an estimate of the funds for increasing the index-linked earnings to approximately equal the annual guarantee compounded over the term.

40. (New) The method of claim 35, wherein the estimated cost of the annual guarantee is determined, at least in part, through a historical analysis comprising a back-casting of a historical

performance rate of the index over an analysis period to determine a cost of the annual guarantee during a plurality of hypothetical terms of the index-linked life insurance product.

41. (New) The method of claim 35, wherein the index-linked insurance product further has one or more features, wherein the features may include at least one of an annual minimum growth rate, an annual capped growth rate, and a participation rate; and

wherein the estimated cost of the annual guarantee comprises an estimate of the funds for increasing the index-linked earnings to approximately equal to the annual guarantee compounded over the term, taking into account the features of the index-linked insurance product.

42. (New) The method of claim 41, wherein one or more of the features of the index-linked insurance product is selectively reset each year during the term.

43. (New) The method of claim 35, wherein determining the hedged investment budget includes deducting from the projected annual fixed income yield a product spread and the estimated cost of the annual guarantee.

44. (New) The method of claim 43, further comprising, allocating the deducted estimated cost of the annual guarantee to the risk fund.

45. (New) The method of claim 35, wherein the hedged investment comprises an at-the-money hedge.

46. (New) The method of claim 35, the index-linked insurance product further comprises an annual capped growth rate; and

wherein the hedged investment comprises a purchase of a plurality of at-the-money call options and a sale of a plurality of call options having a strike price that is out-of-the-money by an amount equal to the annual capped growth rate.

47. (New) The method of claim 46, wherein the annual capped growth rate is selectively reset each year during the term.

48. (New) The method of claim 35, wherein the hedged investment is designed to yield the greater of the annual guarantee or a percentage gain attributable to the index.

49. (New) The method of claim 35, wherein the risk fund comprises funds deducted from a plurality of insurance products.

50. (New) A method for implementing an index-linked life insurance product, comprising:

determining an investment budget by projecting a fixed income yield to be produced by investing a net premium payment in a fixed income investment;

creating a segment of the index-linked life insurance product having a term, wherein the term is comprised of a plurality of term periods;

determining a hedged investment budget based at least in part on deducting from the investment budget an estimated cost of an annual guarantee over the term associated with the index-linked life insurance product;

allocating the hedged investment budget to a hedged investment designed to generate proceeds for supporting index-linked earnings to be credited to the index-linked life insurance product;

determining an initial index value;

at the end of each term period for the duration of the term,

determining an index value for the ended term period,

determining a current segment value by crediting to the segment an amount based on the index-linked earnings comprising a percentage difference between the index value for the ended term period and the initial index value, and

realizing any proceeds generated by the hedged investment; and

upon the occurrence of a predetermined event, if the amount credited to the segment based on the index-linked earnings does not equal to at least the annual guarantee compounded over the term, using funds from one or more reserves or a risk fund to increase the amount credited to the segment to be substantially equal to the compounded annual guarantee.

51. (New) The method of claim 50, wherein the predetermined event may include expiration of the term, early surrender, or death.

52. (New) The method of claim 50, wherein the length of the term is at least one year.

53. (New) The method of claim 50, wherein the term expires at death.

54. (New) The method of claim 50, wherein the length of each term period is one year.

55. (New) The method of claim 50, wherein the index value for the ended term period is an anniversary index value.

56. (New) The method of claim 50, wherein the estimated cost of the annual guarantee comprises an estimate of the funds for increasing the amount credited to the segment to approximately equal the annual guarantee compounded over the term.

57. (New) The method of claim 50, wherein the estimated cost of the annual guarantee is determined, at least in part, through a historical analysis comprising a back-casting of a historical performance rate of the index over an analysis period to determine a cost of the annual guarantee during a plurality of hypothetical terms of the index-linked life insurance product.

58. (New) The method of claim 50, wherein the segment includes one or more features, wherein the features may include at least one of an annual minimum growth rate and an annual capped growth rate; and

wherein determining a current segment value comprises crediting to the segment the amount based on the index-linked earnings comprising the greater of the annual minimum growth rate or the percentage difference between the index value for the ended term period and the initial index value limited by the annual capped growth rate.

59. (New) The method claim 58, further comprising at the end of each term period for the duration of the term, selectively resetting one or more of the features of the segment.

60. (New) The method of claim 58, wherein the segment further has a participation rate; and wherein determining the current segment value comprises crediting to the segment the amount based on the index-linked earnings comprising the greater of the annual minimum growth rate or the percentage difference between the index value for the ended term period and the initial index value times the participation rate limited by the annual capped growth rate.

61. (New) The method of claim 50, wherein determining the hedged investment budget includes deducting from the projected annual fixed income yield a product spread and the estimated cost of the annual guarantee.

62. (New) The method of claim 61, further comprising, allocating the deducted estimated cost of the annual guarantee to the risk fund.

63. (New) The method of claim 50, wherein the hedged investment comprises an at-the-money hedge.

64. (New) The method of claim 50, wherein the hedged investment comprises a purchase of a plurality of at-the-money call options and a sale of a plurality of call options having a strike price that is out-of-the-money by an amount equal to an annual capped growth rate.

65. (New) The method of claim 64, wherein the annual capped growth rate is selectively reset each term period during the term.

66. (New) The method of claim 50, wherein the hedged investment is designed to yield the greater of the annual guarantee or the percentage difference between the index value for the ended term period at expiration of the term and the initial index value, limited by any features of the segment.

67. (New) The method of claim 50, wherein the risk fund comprises funds deducted from a plurality of insurance products.

68. (New) A system for implementing an index-linked insurance product having a term comprised of a plurality of term periods, an annual guarantee and a hedged investment budget comprising:

an input device for inputting data to identify the term, the annual guarantee, and an estimated cost of the annual guarantee over the term; and

a processor functionally coupled to the input device for receiving the data and thereafter executing computer-executable instructions for:

monitoring index-linked earnings to be credited to the index-linked insurance product based on performance rate of an index,

crediting an amount to the index-linked insurance product based on the index-linked earnings, the index-linked earnings being supported by proceeds generated by a hedged investment made using the hedged investment budget, wherein the hedged investment budget is determined based at least in part on allocating at least a portion of a premium payment to a fixed income investment and projecting an annual fixed income yield of the fixed income investment, and deducting from the projected annual fixed income yield an estimated cost of the annual guarantee;

determining a guaranteed value of the index-linked insurance product based on the annual guarantee; and

upon the occurrence of a predetermined event, if the amount credited based on the index-linked earnings does not equal to at least the guaranteed value, using funds from one or more reserves or a risk fund to increase the amount credited to be substantially equal to the guaranteed value.

69. (New) The method of claim 68, wherein the predetermined event may include expiration of the term, early surrender, or death.

70. (New) The method of claim 68, wherein the length of the term is at least one year.

71. (New) The method of claim 68, wherein the term expires at death.

72. (New) The method of claim 68, wherein the length of each term period is one year.

73. (New) The system of claim 68, wherein the estimated cost of the annual guarantee comprises an estimate of the funds for increasing the index-linked earnings to approximately equal the annual guarantee compounded over the term.

74. (New) The system of claim 68, wherein the estimated cost of the annual guarantee is determined through a historical analysis comprising a back-casting of a historical performance rate of the index over an analysis period to determine a cost of the annual guarantee during a plurality of hypothetical terms of the index-linked insurance product.

75. (New) The system of claim 68, wherein the index-linked insurance product further has one or more features, wherein the features may include at least one of an annual minimum growth rate, an annual capped growth rate, and a participation rate; and

wherein the estimated cost of the annual guarantee comprises an estimate of the funds for increasing the index-linked earnings to approximately equal to the annual guarantee compounded over the term, taking into account the features of the index-linked insurance product.

76. (New) The system of claim 75, wherein one or more of the features of the index-linked insurance product is selectively reset each term period during the term.

77. (New) The system of claim 68, wherein the hedged investment comprises an at-the-money hedge.

78. (New) The system of claim 68, the determination of the hedged investment budget by the processor includes deducting from the projected annual fixed income yield a product spread and the estimated cost of the annual guarantee.

79. (New) The system of claim 78, further comprising, allocating the deducted estimated cost of the annual guarantee to the risk fund.

80. (New) The system of claim 68, wherein the index-linked insurance product further has an annual capped growth rate; and

wherein the hedged investment comprises a purchase of a plurality of at-the-money call options and a sale of a plurality of call options having a strike price that is out-of-the-money by an amount equal to the annual capped growth rate.

81. (New) The system of claim 80, wherein the annual capped growth rate is selectively reset each term period during the term.

82. (New) The system of claim 68, wherein the hedged investment is designed to yield the greater of the annual guarantee or a percentage gain attributable to the index.

83. (New) The system of claim 68, wherein the risk fund comprises funds deducted from multiple insurance products.